

§ 20-79.02. Loaner/Dealer "LD" license plate for franchised dealer loaner vehicles.

(a) Application; Fee. – A franchised motor vehicle dealer, as defined in G.S. 20-286(8b) and licensed in accordance with Article 12 of this Chapter, who agrees to loan, with or without charge, a new motor vehicle owned by the dealer to a customer of the dealer who is having his or her vehicle serviced by the dealer, may obtain a Loaner/Dealer "LD" license plate for the vehicle by filing an application with the Division and paying the required fee. Receipt by a franchised motor vehicle dealer of compensation or other consideration from a manufacturer, distributor, manufacturer branch, distributor branch, third-party warranty, maintenance or service contract company, or other third-party source related to a vehicle, including, but not limited to, incentive compensation or reimbursement for maintenance, repairs, or other work performed on the vehicle, does not prevent the franchised motor vehicle dealer from receiving an LD license plate for the vehicle. An application must be filed on a form provided by the Division and contain the information required by the Division. The annual fee for an LD license plate is two hundred dollars (\$200.00) per 12 calendar months.

(b) Number of Plates. – There is no limit on the number of LD license plates that a franchised motor vehicle dealer may be issued, provided that the applicable annual fee for each plate is paid.

(c) Form and Duration. – An LD license plate is subject to G.S. 20-63, except for the requirement that the plate display the registration number of a motor vehicle and the requirement that the plate be a "First in Flight" plate, "First in Freedom" plate, or a "National/State Mottos" plate. An LD license plate must have a distinguishing symbol identifying the plate as an LD license plate. Subject to the limitations in this section, an LD license plate may continue in existence perpetually and may be transferred to other vehicles in the dealer's loaner fleet when the vehicle on which the LD license plate is displayed has been sold or leased to a third party or otherwise removed from the dealer's loaner fleet.

(d) Restrictions on Use. – The following restrictions apply with regard to the use and display of an LD license plate:

- (1) An LD license plate may be displayed only on a motor vehicle that meets all of the following requirements:
 - a. Is part of the inventory of a franchised motor vehicle dealer.
 - b. Is not consigned to the franchised motor vehicle dealer or affiliate.
 - c. Is covered by liability insurance that meets the requirements of Article 9A of this Chapter; provided, however, that nothing herein prevents or prohibits a franchised motor vehicle dealer from contractually shifting the risk of loss and insurance requirements contained in Article 9A of this Chapter to an individual or entity to which a vehicle is loaned.
 - d. Is not used by the franchised motor vehicle dealer in another business in which the dealer is engaged.
 - e. Is driven on a highway by a customer of the franchised motor vehicle dealer who is having a vehicle serviced or repaired by the dealer.
- (2) The person operating the motor vehicle must carry a copy of the assignment by the franchised motor vehicle dealer and a copy of the registration card for the LD license plate issued to the franchised motor vehicle dealer, or, if the person is operating the motor vehicle in this State, the registration card must be maintained on file at the franchised motor vehicle dealer's address listed on the registration card, and the registration card must be able to be produced within 24 hours upon request of a law enforcement officer.
- (3) A vehicle displaying an LD license plate may be driven only by a person who is licensed to drive the type of motor vehicle for which the plate is issued.

- (4) An LD license plate may be displayed only on the motor vehicle for which it has been assigned by the franchised motor vehicle dealer.
- (5) The franchised motor vehicle dealer to whom an LD license plate is issued is responsible for completing and maintaining documentation prescribed by the Division relating to the assignment of each motor vehicle on which an LD license plate is displayed to a customer of the franchised dealer.

(e) Penalties. – A driver of a motor vehicle or a franchised motor vehicle dealer who violates a restriction on the use or display of an LD license plate as set out in subsection (d) of this section is subject to the penalties listed in this subsection. The clear proceeds of all civil penalties, civil forfeitures, and civil fines that are collected pursuant to this section shall be remitted to the Civil Penalty and Forfeiture Fund in accordance with G.S. 115C-457.2. The penalties are as follows:

- (1) The driver of the motor vehicle who violates a restriction on the use or display of an LD license plate is responsible for an infraction and is subject to a penalty of one hundred dollars (\$100.00).
- (2) A franchised motor vehicle dealer to whom the plate is issued who violates a restriction on the use or display of an LD license plate is subject to an infraction and is subject to a penalty of two hundred fifty dollars (\$250.00). The Division may rescind all LD license plates issued to the franchised motor vehicle dealer for knowing repeated violations of subsection (d) of this section.

(f) Transfer of Dealer Registration. – A change in the name of a firm, partnership, or corporation is not considered a new business, and the franchised motor vehicle dealer's LD license plates may continue to be used.

(g) Applicability. – Prior to January 1, 2021, a new motor vehicle dealer may, but is not required to, display an LD license plate on a service loaner vehicle. Beginning on or after January 1, 2021, a new motor vehicle dealer shall display an LD license plate on any new motor vehicle placed into service as a loaner vehicle if either of the following circumstances exists:

- (1) The new motor vehicle dealer is receiving incentive or warranty compensation from a manufacturer, factory branch, distributor, or distributor branch for the use of the vehicle as a service loaner.
- (2) The new motor vehicle dealer is receiving a fee or other compensation from the dealer's customers for the use of the vehicle as a service loaner. (2015-232, s. 1.3(a); 2018-5, s. 34.27(c); 2018-27, s. 4.5(a); 2018-42, s. 3(a).)